

Landlords Guide

Firstly, decide on the service you require.

There are two services we offer.

Let only

This service is for hands on landlords who prefer to manage the property themselves. We will market the property, find the tenant, take up their references including Right to rent, ID verification and complete the paperwork.

Full property management

We look after the whole process and the day to day management of the property. You do nothing but receive the rent.

List of things required before we start

- Signed terms of business
- Energy Performance Certificate
- Gas safety certificate (for properties with gas heating or appliances)
- PAT test certificate (Portable appliance testing)
- ID & proof of ownership
- If you live overseas, you must complete NRL1 form with HMRC for tax purposes
- Consent to let from freeholder and mortgage lender
- HMO license where applicable
- A minimum of one full set of keys. If we fully manage the property, another set of keys will be required for the property manager to retain

Legislation explained

Gas safety The Health and Safety at Work Act 1974

states that you must have all gas appliances, pipework, fittings and flues checked every year by a Gas Safe registered engineer.

Electrical equipment

There are lots of regulations covering electrics and you have a duty of care to your tenant. Arrange a portable appliance test (PAT) for all the electrical appliances in your property before you let it.

Furniture and furnishings

To minimise the risk of fire, the Furniture and Furnishings (Fire Safety) Regulations 1988 (as amended 1989, 1993 and 2010) set out requirements for all soft furnishings. It's illegal to provide furnishings that don't comply.

Smoke alarms and carbon monoxide detectors

Since October 1st, 2015, it is a legal obligation to ensure that a smoke alarm is fixed to each storey of the property for rent. Also, any rooms with a solid fuel appliance must have an appropriate detector and all must be working and checked on the day the tenancy commences

EPCs for lettings properties

As of 1 October 2008, the Energy Performance of Buildings Directive legislation states that all private residential rental properties must have a valid Energy Performance Certificate (EPC) for tenants to view before contracts are signed. It shows how energy efficient your property is and its environmental impact. The EPC must be made available to all prospective tenants.

Non-residents landlord scheme

The Non-resident Landlords (NRL) Scheme is a scheme for taxing the UK rental income of persons whose 'usual place of abode' is outside the UK

Right to rent

Landlord and agents must verify tenants have a right to rent in the UK by checking passports and visas to establish rights to live in the UK

What else to consider when letting your property

Presentation

- Always present your property with neutral decor to avoid putting off tenants. Remember, your tastes do not suit all.
- Make good any repairs
- Maintain any gardens / outside space
- Clean and tidy the property for the viewings
- Provide a good standard of furnishings
- The more spacious the property, the more it appeals to tenants.
- Doing the above will help let the property in shorter time.

Inventory

It is advisable to have a report documenting the condition of the property i.e. floors, walls, fixtures and the contents. This should be done when the tenancy begins and again at the end of the tenancy.

This report is relied upon by the arbitration process if a dispute were to arise with the tenant over deductions.

Hannon Homes uses third party companies to do the inventory which the tenants sign to show their agreement of the property condition, contents and fixtures.

Costs & Fees

It is best to prepare for costs relating to preparing the property and agents fees.

Prepare funds to cover the following before letting the property.

- Gas safety certificate (annual cost)
- PAT (Portable appliance test)
- EPC – every 10 years
- Furniture and Furnishings
- Repairs & Redecoration
- Professional cleaning

There are other costs to consider at the start and during the tenancy which are:

- Check-in and inventory reports
- Maintenance and repairs
- Insurance for fixtures, fittings and furniture you own
- Additional things negotiated with the tenants i.e. furniture
- When the property is empty (void periods)
- Tax on your rent (gross income). It is advisable to seek advice from HMRC tax enquires service or an accountant.
- Agent's fees. This can be paid in monthly depending on your service level

Tenancy agreements

Assured Shorthold tenancy (AST)

This tenancy is commonly used in residential lettings and applies:

- to tenancies created after 15 January 1989
- rented to individuals (not companies),
- to rent not exceeding £100,000 per annum

When the time comes to end the fixed term tenancy, you must serve two months' notice in advance of the end date. These notices are called 'section 21'.

Non-Housing Act 1988 tenancy

These tenancies are rare and apply to:

- company lets
- rent exceeding £100,000
- Tenancies created before 15 January 1989

Tenancy deposits

By law, all estate agents in England and Wales need to be members of a government authorised deposit scheme.

There are a variety of deposit scheme providers offering one of two types:

Custodial scheme

This scheme requires the deposit to be held by them and not the agent. It is funded by the interest earned from the deposits it holds and is free of charge.

Insurance based scheme

Unlike the custodial scheme, under the insurance-based schemes the landlord or agent keeps the deposit. There is a fee attached to these schemes to insure against the landlord or agent failing to repay the tenant any money due to him/her.

Both types of schemes are offered by My Deposits, Tenancy Deposit Scheme and Deposit Protection Service

Non-compliance

If, as a landlord or agent, you don't protect the deposit, your tenant can take you to court either during the tenancy or up to three months after it has come to an end. The court can order the landlord to pay the tenant up to three times the amount of the deposit within days of making the order.

Disputes and problems

The tenancy deposit scheme offers a free dispute resolution service if the tenants disagree with you about how much deposit should be returned.

You don't have to use the service but if you do, both you and the tenants must agree to it. You'll both be asked to provide evidence, and the decision made about the deposit will be final.

Marketing and finding tenants

Now we are ready to market the property and start searching for tenants.

At Hannon Homes we work pro-actively with tenants and accompany suitable prospects to view your property.

Receiving offers

When a tenant shows interest in renting your property by wanting to offer, we will receive the offer with any conditions and ask them to sign an offer form and pay a 'Fee of Intent' (equivalent to one weeks rent).

The offer will then be sent to you in writing. If you accept, we will commence with the tenant checks including 'Right to rent', Anti Money Laundering checks, and obtain their references. So long as all is in order, they will be given the tenancy agreement to read and sign.

Should for some reason the agreement not happen by no fault of the tenant, then the fee of intent is fully returned. Conversely, if the tenant withdraws for no reason, the fee of intent is partially returned, and the remainder is kept covering our costs incurred to process the tenant application.

Partial refunds to tenants may change in the future due to government legislation changes.

The tenants are required to pay in cleared funds, the first month's rent, and a security deposit of 5 to 6 weeks rent. This must be paid before the tenants move into the property.

The deposit is returned to the tenant at the end of the tenancy less any agreed deductions.

End of Tenancy process

Most tenancies are for 12 months' but can be longer if the tenant wishes to renew or take a longer tenancy from the start i.e. 18-month tenancy. Providing the tenants have been good tenants by taking care of the property and paid the rent on time it is good idea to let them remain to avoid any void periods.

Our renewal fees are is clearly stated on our terms and only paid if the tenant renews for another term. Again, this fee can be paid monthly and spread over the term of the tenancy for fully managed properties to free up your funds.

If the tenants wish to leave at the end of the tenancy and providing the correct notices are received, we will send the inventory clerk to do a check-out whereby the contents, condition and the fixtures of the property will be checked against the check-in report. Providing there is no damage, and all is the same as when they moved in, allowing for wear and tear, the deposit is returned.

Landlord responsibilities

As the landlord we have covered what documents and regulations you are bound by, however there are more responsibilities you have as landlord and they are to:

- charge fair market rent
- make all repairs and maintain the property keeping it in a good state
- ensure all electricity, gas and water supplies are available, installed correctly and working properly
- ensure all equipment is safe and in good working order and provide supporting proof when required
- provide operating manuals for all appliances and equipment
- insure your property, fixtures and contents, not the tenants.
- Allow the tenant quiet enjoyment of the property. If you require access, give them 24 hours' notice except for emergency situations.

Tenants responsibilities

The tenants have responsibilities whilst renting the property.
They are:

- to pay the rent on time on the agreed date every month.
- to secure the property always.
- Inform the landlord or managing agent of any repairs needed as soon as it arises
- not use the property for commercial purposes
- not to sub-let the property
- pay all the council tax, utility bills, TV licence and any other services the tenant take on such as internet
- do basic maintenance such as replace batteries to smoke and carbon dioxide alarms, replace light bulbs and maintain the garden. Do the basic things that occupants would do around the home.
- care for the property, its contents and fixtures.
- apart from general wear and tear to compensate the landlord for any damage caused to the property, fixtures and contents
- do not make excessive noise that effects the neighbours
- make no alterations to the property or outside including the garden
- to return the property clean (to a professional cleaned standard) with no damage

Agent responsibilities

- Marketing the property
- Accompanying all viewings conducted
- Handle negotiations
- Obtaining a 'Fee of Intent' when receiving an offer
- Doing all the paper work and fulfilling legal requirements

- Complete tenant referencing, anti-money laundering and right to rent checks
- Prepare the tenancy agreement for signing
- Take the security deposit, the first month's rent and protect it in a government approved deposit scheme.

Fully managed property agents' responsibilities

You will benefit from all the services of let only, and enjoy being hands off as Hannon Homes will take over day to day management and provide you with:

- Rent collection
- Monthly statements
- Managing of repairs and dealing with contractors
- Handling insurance repairs
- Annual inspection
- Arranging the gas safety certificate
- Arranging the EPC
- Arranging the PAT (Portable appliance test)
- Checking the smoke and carbon monoxide detectors
- Communicating with tenants
- Serving notices

Your Hannon Homes representative will guide you through the process and on hand to answer your questions.

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